

State of California

1997 Annual Report

California Division of Tourism (CalTour)

California Trade and Commerce Agency
Lee Grissom, Secretary

March 1, 1998

California Tourism Commission - 1997

Chair - Lee Grissom, Secretary, California Trade and Commerce Agency

Vice Chair - John Poimiroo, Deputy Secretary, California Trade and Commerce Agency

Secretary - Caroline Beteta, Deputy Secretary, California Trade and Commerce Agency (ex officio)

Appointed by the Governor

Ted Balestreri, Monterey Row Company, Monterey

Anne Evans, Evans Hotels, San Diego

George Kirkland, Los Angeles Convention and Visitors Bureau, Los Angeles

John Koeberer, California Parks Company, Red Bluff

Paul Pressler, The Disneyland Resort, Anaheim

Appointed by the Senate Committee on Rules

Bob Gault, Universal Studios Hollywood, Universal City

Senator Ralph Dills (ex officio)

Appointed by the Speaker of the Assembly

Dean Lehr, Canterbury Hotel Corporation, San Francisco (Jan - October)

George Pla, Cordoba Corporation, Anaheim (October - December)

Assembly Member Marilyn Brewer (ex officio)

California Travel and Tourism Commission - 1998

APPOINTED CTTC COMMISSIONERS

CHAIR - Lee Grissom, Secretary, California Trade and Commerce Agency

Deserts

Mike Fife, Palm Springs Desert Resorts C&VB, Rancho Mirage (Transportation and Travel Services) 1/02

San Diego County

William Davis, Sea World of California, San Diego (Attractions and Recreation) 1/02

Inland Empire

Ted Weggeland, Entrepreneurial Hospitality Corp., Riverside (Accommodations) 1/02

Orange County

Bill O'Connell, Stovall's Best Western, Anaheim (Accommodations) 1/00

Los Angeles County

George Kirkland, Los Angeles C&VB, Los Angeles (Transportation and Travel Services)
1/00

Central Coast

Ted Balestreri, Cannery Row Company, Monterey (Restaurants and Retail) 1/00

High Sierra

Dennis Harmon, Heavenly Ski Resort, South Lake Tahoe (Attractions and Recreation)
1/00

San Francisco Bay Area

John Marks, San Francisco C&VB, San Francisco (Transportation and Travel Services)
1/00

Gold Country

John Kautz, Kautz Ironstone Vineyards, Murphys (Restaurants and Retail) 1/02

Central Valley

Jim Pardini, Pardini's Restaurants, Fresno (Restaurants and Retail) 1/00

Shasta Cascade

John Koeberer, California Parks Company, Red Bluff (Attractions and Recreation) 1/02

North Coast

John Osmundsen, Dr. Wilkinson's Hot Springs & Spa, Calistoga (Accommodations) 1/02

ELECTED COMMISSIONERS**Accommodations**

James J. Amorosia, Motel 6 Operating L.P., Belmont (San Francisco Bay Area) 1/00

Greg Hendel, Best Western Palm Springs (Deserts) 1/02

Chris Middleton, American Hotels, Palo Alto (San Francisco Bay Area) 1/00

Charles H. Hays, Far Horizons 49er Trailer Park, Plymouth (Gold Country) 1/02

Glyn Davies, Simpson House Inn, Santa Barbara (Central Coast) 1/00

Accommodations (cont.)

Anita Kramer, California Lodging Industry Association, Sacramento (Gold Country) 1/02

Gene Zanger, Casa de Fruta, Hollister (Central Coast) 1/00

Michael Gelfand, Terra Vista Management, Beverly Hills (Los Angeles County) 1/02

Randall K Villareal, Regal Biltmore Hotel, Los Angeles (Los Angeles County) 1/00

Anne Evans, Evans Hotels, San Diego (San Diego County) 1/00

Jim Abrams, California Hotel & Motel Association, Sacramento (Gold Country) 1/02

Jim Luce, Marriott Hotels, Santa Ana (Orange County) 1/02

Restaurants and Retail

Ric Service, Las Casuelas Terraza, Palm Springs (Deserts) 1/00

Don Trefry, The Beverly Center, Los Angeles (Los Angeles County) 1/02

Fritz Arko, PIER 39, San Francisco (San Francisco Bay Area) 1/00

Ted Burke, Shadowbrooke Restaurant, Capitola (San Francisco Bay Area) 1/02

Attractions and Recreation

Steve Lew, Universal Studios Hollywood, Universal City (Los Angeles County) 1/00

Bob Roberts, California Ski Industries Association, San Francisco (High Sierra) 1/02

Paula Friedman, Disneyland Resort, Anaheim (Orange County) 1/02

Transportation and Travel Services

Anastasia K. Mann, Corniche Travel, West Hollywood (Los Angeles County) 1/00

Robert Neuberger, Avis Rent A Car, El Segundo (Los Angeles County) 1/02

Jerry O'Connell, Pacific Coast Sightseeing/Gray Line of Anaheim - Los Angeles (Orange County) 1/00

Rita Vandergaw, Port of San Diego (San Diego County) 1/02

Michael Gallagher, City Pass, San Francisco (San Francisco Bay Area) 1/00

California Division of Tourism (CalTour)

Director of Tourism, John Poimiroo

Director of Tourism Marketing, Caroline Beteta

Senior Tourism Specialist, Tiffany Urness (California Tourism Marketing Act)

Associate Tourism Specialist, Fred Sater (Media Relations)

Associate Tourism Specialist, Tom Lease (National Program)

Associate Tourism Specialist, Terry Selk (International Program)

Assistant Tourism Specialist, Barbara Steinberg (Publications Program)

Assistant Tourism Specialist, Glenda Cardwell (International Program)

Assistant Tourism Specialist, Tiffany McKenzie (International Program)

Publications Coordinator, Judy Forman (Publications Program)

Research Analyst, Eileen Hook (Research)

Management Services Technician, Gretchen Brigaman (Welcome Centers)

Executive Assistant, Peggy Simpson

Office Technician, Cheryl Miller

Office Assistant, Volnette Hicks

Seasonal Clerk, Lois Vaira

Interns

Mary Cochran

Lisa Massi

Misty McDonald

Peter McKane

Les Smith

Mike Vandervoet

Megan Wright

Reporting Requirements

Section 15364.54 of the Government Code specifies that on or before March 1 each year, the Director of Tourism shall:

- Present a marketing plan for the upcoming year (*see Appendix A*)
- Assess effectiveness of the previous year's tourism marketing program (*noted within analysis of each program element*)
- Document directly attributable benefits of the previous year's tourism marketing program (*see Directly Attributable Benefits*)
- Identify methods of promoting travel to the state's lesser-known and under-utilized destinations (*see Benefit to Lesser-known and Under-utilized destinations*)
- Measure the annual size in aggregate and by county, for the most recent year, of:
 - travel and tourism spending in California (*see State of the Industry and Appendix B*)
 - travel and tourism employment in California (*see State of the Industry and Appendix B*)
 - travel and tourism generated state and local tax revenues (*see State of the Industry and Appendix B*)
- Identify additional data to be collected to assess further and adequately the benefits of the tourism marketing program (*see Research*)
- Establish standardized and accurate methods to measure annually California's share of domestic and international tourism (*see Market Share*), and
- Report on the income and expenses of the California Tourism Commission with respect to its financial affairs (*see Appendix C*).

State of the Industry

- Travel spending in 1997 grew 7.1%, increasing from \$56.7 billion to \$61.2 billion, the largest gain in six years.¹
- Tourism employment increased 6.8% to 673,000 jobs in 1997.
- The State of California collected \$2.3 billion in taxes from travel spending in 1997, up 8.3% from 1996. Local communities collected \$1.3 billion in local taxes from travel spending, an increase of 13.4%. Approximately 64% of local tax revenues from tourism come directly from transient occupancy taxes on lodging.

¹ California Travel Impacts by County, 1992-96, Preliminary 1997, Division of Tourism; 1998.

Market Share

California's market share of domestic leisure travel for the first seven months of 1997 dropped to 10.5%, compared to 10.7% for the same period in 1996.²

Preliminary 1996 estimates indicate that total overseas travel to the U.S. was up in 1996, and that California captured 26.5% these travelers, an increase of 0.8% over the previous year's share. Final statistics are not anticipated to be released by the U.S. Government until after publication of this report.

Directly Attributable Results

Generally accepted accountability measures were used to determine the directly attributable benefits of the largest single marketing expenditure within the past year, the literature/fulfillment program.³

- **Literature/Fulfillment** - Results of a formal cost-benefit study⁴ determined that the California Division of Tourism's (CalTour) \$1.145 million literature/fulfillment program generated \$213.5 million in total spending to the state. This resulted in \$8.1 million in new state tax revenues being generated from visitor spending stimulated by the literature/fulfillment program. The study established that for every dollar spent preparing and sending visitor information to travelers, the State of California received \$181 in return from travelers who decided to visit or who decided to extend their stay because of having received the information.

An analysis of the effectiveness of advertising was not available this year, because advertising was not conducted.

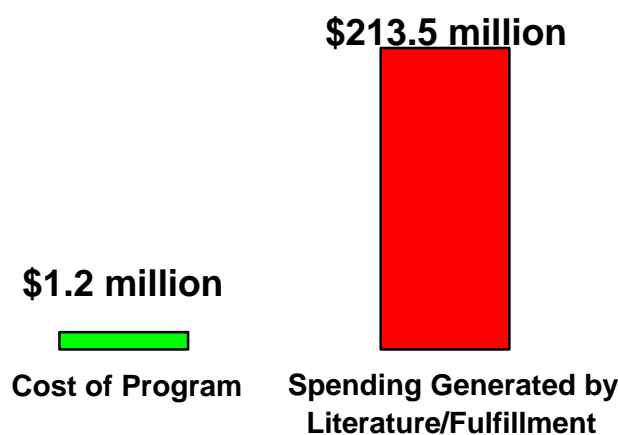
² D.K. Shifflet & Associates, December 1997.

³ Because of the lack of generally accepted methods for calculating visitation and employment directly attributable to every marketing activity, other program elements are evaluated using standard indirect measures of effectiveness, such as the number of trade show contacts made, number of sales mission participants, and dollar value of column inches of positive articles about California attributable to Media Relations program outreach.

⁴ Effectiveness of the California Division of Tourism 1996 Fulfillment Program, Patrick T. Tierney, Ph.D., San Francisco State University, May 1997

Direct Return on State Investment

CalTour Literature/Fulfillment



Awards

Postcards From California, a four-minute video used at sales presentations to give travel trade audiences a taste of California's diversity and images, was selected by the Travel Industry Association of America's National Council of State Tourism Directors as **the finest video or audio/visual production** created by a state in 1997.

Ski California, a cooperative marketing program conducted by the California Ski Industry Association (CSIA) with supportive funding and participation by the California Division of Tourism (CalTour) was selected by the Travel Industry Association of America as **the nation's finest international tourism marketing program** when it presented the 1997 *Odyssey Award* to CSIA and CalTour at its annual awards banquet in Washington, DC.

The Western Summit on Tourism and Public Lands, a conference organized by the Western States Tourism Policy Council of which California is a founding member, was selected as **the nation's finest tourism environmental program** and received the prestigious 1997 *Odyssey Award* from the Travel Industry Association of America.

Benefit to Lesser-known and Under-utilized Destinations

The California Tourism Commission defined lesser-known and under-utilized destinations as being the State's rural regions and ethnic communities. The rural regions are: Inland Empire, Deserts, Central Coast, Central Valley, High Sierra, Gold Country, Shasta Cascade and North Coast. Ethnic communities are found both in urban and rural regions.

In this program year, \$15,000 was provided to each of the eight rural regions in the form of marketing grants and specific allocations for regional participation in international trade development sales missions, and for support of regional tourism publications. An additional one-time-only \$5,000 allocation was also granted to each region specifically for production of printed materials. The rural regions report they used the grant funds to attend both international and domestic travel or trade shows, and made a total of over 180,000 contacts. Although it is difficult to calculate the actual number of visitors resulting from travel and trade show contacts, an estimated 283,000 visitors are attributed to such connections. The Shasta Cascade region reported that German visitation at Lassen National Park contributed 11% of all visitors to the park and that without State financial support to attend the annual state-sponsored sales mission to Germany, this region would be unable to continue its sales efforts in Germany. Two regions reported using grant funds for purchase of advertising space in national or regional publications. The number of contacts attributed to these advertisements are estimated at 2,000. Brochures, calendars of events, regional guides, press releases and press kits, maps, and web pages were prepared using grant funds, for a total distribution of over 500,000 items.

In the area of multicultural (ethnic) tourism, \$26,000 was allocated for direct production of related programs. These funds were used to produce a half-hour video, "California: Where the World Comes Together," which will air on cable and public television in 1998.

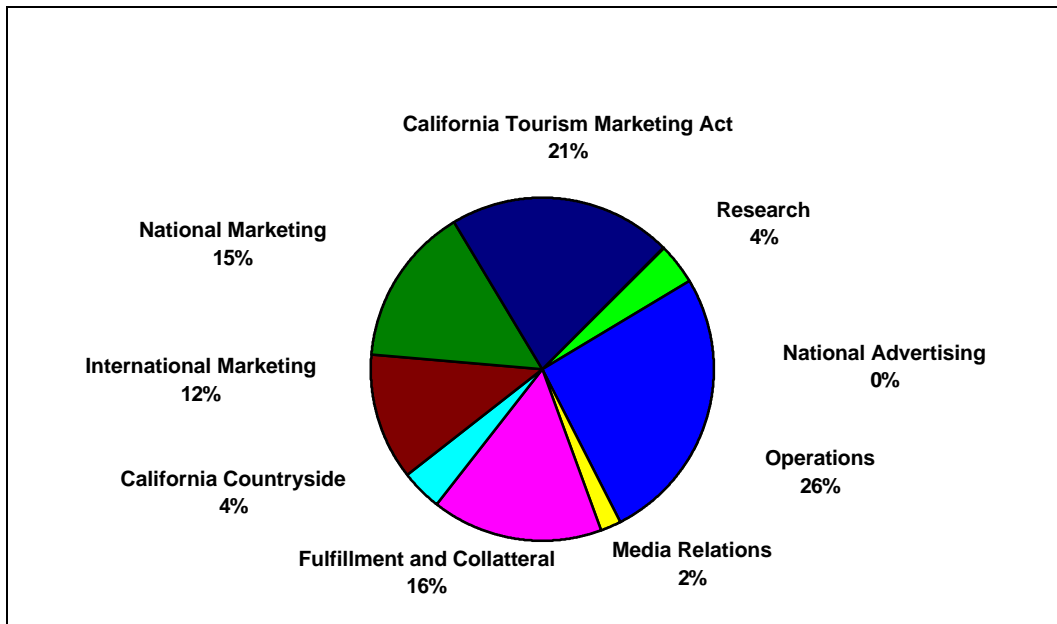
California's lesser-known and under-utilized destinations actually get much more in promotional attention from CalTour's general marketing programs than they do from programs allocated directly in their support. That is to say, the extensive promotional outreach conducted by CalTour nationally and internationally continually identifies these destinations in ways they could not otherwise afford to achieve on their own. This includes publicity, editorial coverage, listings of tourism attractions and facilities, events listings, sales representation and advertising generated by the CalTour program. For example, a content analysis of primary CalTour publications distributed in 1997 measures what percentage of content featured lesser-known and under-utilized destinations:

	<u>Distribution</u>	<u>Content⁵</u>
Calendar of Events	300,000	67%
Visitor Guide	320,000	54%
Travel Planner	85,000	56%
Travel Ideas Magazine (Spring edition)	550,000	36%
Outdoor Recreation Guide	240,000	95%
Regional Brochures	120,000	66%
Adventures and More	1,300	59%
Internet (hits)	8,000,000	66%
Internet (approx. actual number of visitors)	340,000	66%

Additionally, lesser-known and under-utilized destinations benefit even when they are not the primary focus of promotional messages. For example, State efforts to increase travel to California gateway destinations (Los Angeles, San Francisco, San Diego, San Jose, Orange County) from distant markets ultimately benefit lesser-known destinations, because these efforts increase the pool of travelers from which lesser-known areas draw. Similarly, promotion of rural destinations ultimately attracts visitors through gateway destinations.

⁵ Approximate

1997 CalTour Marketing Program



Research

California Travel Impacts by County – An annual analysis of statewide tourism statistics (including financial impact, jobs, state and local tax revenues, transient occupancy tax, and other indices) was prepared for 1995 and preliminary estimates were produced for 1996.

Program Evaluation Research – In order to fund implementation of the California Tourism Marketing Act initial referendum, national advertising was not conducted in 1997. This provided CalTour with an opportunity to study the effect of not advertising and establish baseline data. A market tracking study was done at the same time as the 1996 advertising study had been done. The study, conducted by Patrick T. Tierney, Ph.D., Department of Recreation and Leisure Studies, San Francisco State University, found:

- Awareness of California declined significantly
- Numbers of people calling for California visitor information declined in both the winter and spring of 1997, compared to 1996.
- The lack of a 1997 CalTour advertising campaign was unmistakably linked to declines in awareness and calls.
- Advertising sponsored by other organizations in California did not compensate for the lack of CalTour advertising.

Domestic and International Market Research – Reports on domestic and international visitors to California, part of CalTour's ongoing market research efforts, were updated and published.

County Travel Report – A special report which tabulated visitation patterns to California's most traveled counties and demographic profiles of visitors to these counties was prepared for the period 1994-1996.

Research Insights – The research section within CalTour's quarterly newsletter, *Insights*, was expanded to include charts and graphs on domestic and international visitation, air arrivals, national and state park attendance, as well as market research figures and findings. Articles of interest to tourism and travel research and marketing professionals have also been included.

Seasonal Forecasts – Resident and non-resident travel volume to and through California were forecast, by season.

Research Contract – Research projects were consolidated into a master research contract in October. Improved cooperation between sub-contractors is expected, resulting in a more comprehensive research program.

California Tourism Marketing Act – Staff and consultants provided extensive research support to the Tourism Selection Committee for much of 1997. Work continues on development of procedures for implementing the referendum and collecting the assessments.

Research Response – CalTour's Research Manager, Research Analyst and an intern answered approximately 900 calls for travel and tourism statistical data and sent copies of published reports to an additional 700 requesters. CalTour's research office provided information to destination marketing organizations, local, state and national governments, news reporters, investors, tourism developers, economic development organizations, appraisers, loan officers, marketers, and students.

Website – 600 people per month requested brochures over the internet. 12% from California, 12% from Canada, 2.3% from Washington, .25% from Oregon, 2.25% from Arizona, 6% from Texas, 6% from New York, 3.5% from Pennsylvania, 5% from Illinois, 2.3% from Washington and .25% from Oregon and 50% from other states. 80% found our site by internet search, 1.5% on television, 4.15% by magazine or newspaper, 5% by friend or relative, 2.6% from a guidebook, and the rest by other or no response. 77% were planning vacations, 2.75% were traveling for business reasons, 5.65% were students preparing reports, 1.62% were travel agents, 4.15% wanted the material for relocation purposes and the remainder wanted it for other reasons. Of those accessing the site, 67% had decided to visit California, 16% were considering visiting, 3% were somewhat considering visiting, 4% were not considering visiting and the rest had no comment or other reasons. Of those planning to visit, 7.5% were planning to visit during the month, 20% in two months, 34% in three to four months, 7.5% in six or more months and the rest had no response.

CalTour research studies were also updated and added to CalTour's website; .2 % of hits were searching for state tourism research.

Cooperative Marketing Support

Leveraging the purchasing power of the state's \$7.3 million tourism budget, the Division of Tourism raised approximately \$15 million in additional cooperative partner funds to promote travel to California. Cooperative funding was developed from private and other governmental sources in every major category of CalTour's program.

Economic Development

CalTour assisted the Pebble Beach Company with meetings with the Department of Fish and Game regarding environmental issues related to development of a golf course on the Monterey Peninsula. Assistance to the Gold Rush City project in Lathrop continued this past year, though at a lower level of activity. CalTour continued to support the 1999 Partnership in its effort to attract the 1999 World Track and Field Championships to Stanford Stadium. When Spain was selected by the International Amateur Athletics Federation, efforts shifted to determining how California might bid successfully for the 2001 event.

Issue Analysis and Management

California Tourism Marketing Act Implementation – In a statewide referendum of 3,400 businesses that had registered as sufficiently benefiting from travel and tourism, conducted by the Trade and Commerce Agency, the California Tourism Marketing Act was approved in early October. The measure passed by a 69 percent to 31 percent weighted margin among voting businesses within the state's \$58 billion tourism industry.

Assessments totaling over \$5 million are expected to begin being billed in June, 1998. The additional funds generated by assessments will bring California's total marketing budget to \$12.3 million, elevating California's tourism budget from 24th to 12th in the nation.

Following approval of the initial referendum, the Trade and Commerce Agency conducted a Feasibility Study Report (FSR) related to software and systems necessary to implement collection of assessments, drafted a Budget Change Proposal to finance administration of the new assessment system, worked with the Office of the Governor on 12 appointed commissioners to represent each state tourism region, and incorporated and developed initial bylaws for the new California Travel and Tourism Commission.

Legislative Analysis – 1997 was a relatively quiet year as regards state and national tourism issues. Among those that CalTour provided analysis to the Governor and Legislature where progress has occurred include: amendments to the California Tourism Marketing Act, various miscellaneous proposed state laws that were not approved and ongoing changes to the federal Passenger Vessel Services Act that will allow foreign cruise ships to visit successive U.S. ports not served by U.S. cruise ships. The latter remains active.

Western States Tourism Policy Council – Comprised of nine state tourism directors of the 13 western states, WSTPC addresses major tourism issues of importance in the West. Of significance, in August, members of WSTPC completed and signed a

Memorandum of Understanding with leaders of all Federal agencies involved in administering tourism on the public lands. This landmark MOU establishes cooperative agreements on addressing tourism issues related to public lands and surrounding communities. In October, WSTPC was awarded the prestigious Odyssey Award for Environmental Actions in recognition of its Western Summit on Tourism and Public Lands conducted the previous fall. In his capacity as Vice-chair of the council, the Deputy Secretary for Tourism was called upon to address a U.S. Senate hearing on the National Parks in November.

- **Western Summit on Cultural Tourism** – CalTour helped coordinate a second WSTPC summit on cultural tourism in March, 1997. In addition to various CalTour members speaking at the Cultural Tourism Summit, CalTour coordinated the California discussions. The result of the conference was to bring tourism and arts/cultural groups together in order to increase mutual economic opportunities. A Cultural Tourism Workgroup was organized to continue development of Cultural Tourism within California. CalTour is a founding member of this new group.

California Conference on Tourism – CalTour helped plan and conduct the annual California Conference on Tourism in cooperation with the California Travel Industry Association. Nearly 500 tourism leaders attended.



California Tourism Awards – CalTour presented 17 awards for excellence in tourism marketing and management. The California Tourism Hall of Fame, honoring Californians who have made exceptional contributions to the identification of California, was expanded by 26 inductees from 152 to 178.

California Sesquicentennial – CalTour continued to participate in planning for the 150th anniversary of California's gold discovery to statehood. A staff member was assigned as key contact with the California Gold Discovery to Statehood Sesquicentennial Commission and the Deputy Secretary for Tourism served as a member of the Commission. Additionally, CalTour agreed to cooperate with the Sesquicentennial Commission on joint solicitation of sponsors, so as to avoid

duplication of efforts or negative competition.

Crisis Response

- CalTour assisted communities affected by the New Year's Floods and subsequent mud slides and levee breaks to obtain Federal and/or State assistance in repair of roads and communication to travelers.
- Media updates were sent by fax and news wire services to the travel media and to the U.S. Department of State, U.S. Office of Tourism Industries and international offices of CalTour and TCA.
- Members of the CalTour staff met with affected communities and provided guidance as to crisis response.

Fulfillment and Collateral

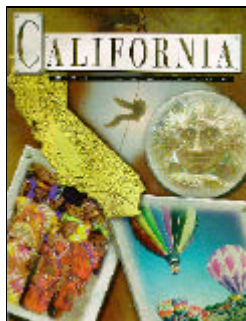


California Visitors Guide – Because CalTour did not advertise in 1997, visitor requests for information packets dropped by 52 percent. Despite this, about 160,000 copies of the *California Visitors Guide* were sent to visitors planning California vacations and another 137,000 were distributed in bulk shipments to tour operators, travel agents, DMOs, CalTour's overseas contractors and for CalTour distribution at trade and consumer shows. The balance are reserve distribution held awaiting delivery of the 1998 guides and for future requests where a current guide is not essential. The Visitor Guides were subsidized through advertising.



Travel Planner's Guide – CalTour's annual Travel Planner's Guide was distributed to 85,000 professional travel agents, tour operators and meeting planners.

Regional Brochures – Approximately 160,000 copies of CalTour's 12 regional brochures were distributed at consumer shows, trade shows and on sales missions; and through bulk shipments to tour operators, travel agents and California Welcome Centers, convention and visitor bureaus and chamber of commerce.

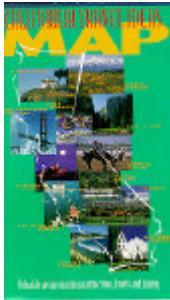


California Celebrations -- Some 1,200 California events were listed in this guide e state's Special Events Calendar, 300,000 of these calendars were shipped to travelers considering California vacations. The calendars include special identification of Stellar, Ethnic, Main Street and Sesquicentennial festivals and events.

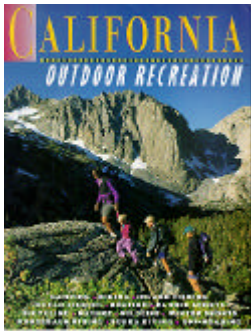
Adventures & More – A comprehensive directory of outdoor adventures was updated, given a professional look and 7,500 copies were printed. More than 1,200 copies of the guide were distributed to travel agents. to difficult-to-locate tourism activities and outdoor adventures such as: white water rafting, hot air ballooning, sporting events, disabled organizations, vacation home rentals, native-American cultural sites and industrial tours -- were distributed to travel agents and tour planners. The guide also is available on CalTour's website.



Official State Visitor Map – CalTour, through the publisher of its Visitor Guide, contracted with Magellan Geographix to produce a new official state visitor map, including urban maps of Los Angeles, Orange County, the San Diego area, the San Francisco Bay area, Sacramento and the Monterey Bay area. One million maps were printed. 400,000 were bound into California Visitor's Guides; 150,000 were distributed by Best Western hotels; 185,000 copies were distributed to visitors entering California through ten California agricultural inspection stations; and 265,000 were distributed to California Welcome Centers, DMOs; travel agents, tour operators; and through California's international offices. CalTour's investment was \$12,900; all other costs were sponsored.



California Travel Ideas Map – In order to better serve travelers and advertisers, the magazine was replaced by *California Travel Ideas Map* in June 1997. Two million copies of the map will be distributed biannually at California's 16 agricultural border stations; California Welcome Centers, convention and visitor bureaus and chambers of commerce; travel agencies and tour operators; and trade shows. The map features lodging and attraction discounts throughout the state. Advertising revenues underwrote the cost of producing the maps.



California Outdoor Recreation – This guide to California's outdoor recreational opportunities debuted in Spring of 1997. The four-color publication described the many recreational opportunities available on California's public lands, from camping, to hiking, to wildlife viewing, to photography, to rafting, and more. The guide also offered safety tips and suggestions on ethical use of public lands as recommended by the "tread lightly" philosophy. Contact telephone numbers and internet addresses offered additional information available from various recreation associations and public land agencies. The major source of distribution for the 500,000 guides was through CalTour's fulfillment program and California Welcome Centers. More than 220,000 copies have already been distributed. *California Outdoor Recreation* was developed by CalTour in partnership with the California

Roundtable on Recreation, Parks and Tourism, a cooperative of public and private organizations interested in public lands.

Student Packet – Approximately 40,000 elementary school children write to CalTour annually requesting information for school projects. In response to these requests, CalTour developed *The Really Smart California Map*. One side of the map provides students with information about California history, the Sesquicentennial, earthquakes, California icons, famous Californians and more. The other side is a full-size California map. The project was co-sponsored by the Fun Spots attractions.

Fulfillment Contract -- Early in 1997, an RFP for CalTour's fulfillment contract was distributed to prospective bidders. After much consideration and review, BASS (d.b.a. as Destination Marketing Services) was awarded the contract. BASS' telemarketers currently answer both toll free numbers – 1-800-TO-CALIF and 1-800-GO-CALIF. BASS subcontracted with United Direct Response (UDR) for fulfillment services. The previous contract with DataTel Services of San Francisco expired on October 31, 1997. There was a smooth transition and response time, telephone answering techniques and reporting services have remained consistent. A new aspect within this contract was the capability to provide online reservations by toll free number or over the internet. BASS utilizes WorldRes, a San Mateo internet reservation service for this aspect of its contract.



Website – CalTour's website at: <http://gocalif.ca.gov>, averaged 27,000+ hits per day and, at peak, received over 31,000 hits per day. Virtually thousands of state and federal agencies, DMOs and attractions are now linked to the site, providing travelers with a central location to find travel planning information about California. See Research for more information about the site.

National Marketing

Promotion of Lesser-known and Under-utilized Destinations – The California Tourism Policy Act specifies that CalTour shall promote travel to California's lesser-known and under-utilized destinations. The California Tourism Commission has defined these as being the state's rural regions of the Inland Empire, Deserts, Central Coast, Central Valley, Gold Country, High Sierra, Shasta Cascade and North Coast, as well as ethnic tourism (multicultural) and cultural tourism (arts and culture) found primarily within urban areas. Approximately half of CalTour's \$7.3 million budget promoted travel to lesser-known or under-utilized destinations within California.

California Countryside Grants – CalTour allocated \$10,000 to each of the eight regions identified as "rural destinations" (Inland Empire, Deserts, Central Coast, Central Valley, High Sierra, Gold Country, North Coast and Shasta Cascade) for regional marketing, \$5,000 for international marketing and \$5,000 (one time) for publications. The funds encouraged cooperative marketing by competing destination marketing organizations (DMOs) within the regions for the purpose of attracting tourism to their regions. As a result of the international grant, all eight regions participated in CalTour's European Sales Mission, providing them with the opportunity to promote their regions directly to European travel planners which otherwise, they not have been able to do. This expanded awareness by European travel planners of the many experiences available in rural California.

Ski California – The 1996-97 season began optimistically. By Thanksgiving, many resorts were operating and reporting strong attendance. Then, the New Years Floods hit. A tropical storm dumped over 17 inches of rain in a 48-hour period. The ensuing flood damage throughout Northern California was severe. Parts of U.S. 50 were closed by mud slides. Governor Wilson committed Caltrans to an around the clock effort and the road was reopened on January 17. However, ten days later, another storm slammed into the state and in its wake, the deluge dumped over 200,000 cubic yards of mud and rock on Highway 50.

For the California winter sports industry, the season went into suspense. California skiers and snowboarders stayed at home to deal with the widespread flooding or were discouraged from going skiing due to the detours that were required. One bright spot in this otherwise gloomy situation was that destination visitors did not cancel their plans. Out-of-state guests, particularly the adventurous British, took it all in stride and kept local businesses going at Lake Tahoe and Mammoth Lakes.

This successful conclusion had its beginnings six years ago, when CalTour and California's ski industry embarked on a cooperative marketing program to jointly promote California winter vacations. **In 1997, Ski California was selected by the Travel Industry Association of America as the best international marketing program in the United States.**

Ski California began as an exploratory effort to promote California skiing to the sun-starved British market. CalTour and CSIA reasoned that if Britons would fly to the U.S. to ski, they'd probably also want to see some of the U.S. and that California would be a good place to both ski and experience America.

In the first year of the promotion (1993), 500 Britons were attracted to ski California. In 1994, 3,500 came. 8,000 British skiers vacationed in 1995, 12,000 in 1996 and over 20,000 Briton skied in California in 1997.

Reservations resulting from this effort have literally filled "Mom and Pop" motels at South Lake Tahoe with midweek winter business. During January's New Years Flood, when U.S. 50 was closed to traffic for most of January, British skiers were not put off. Although Californians put off going to South Lake Tahoe, the Britons, who had booked their ski vacation far in advance, weren't discouraged, they found other routes to the Lake. As a result, a financial disaster for the ski areas and for many small businesses in the area was avoided.

A telling story occurred during the middle of January, when a South Lake Tahoe pizza restaurant owner said he had been able to stay open and not lay off his employees, because of the British skiers who came to ski at South Lake Tahoe.

Although Virgin Atlantic Airways saw a drop in packages sold from 13,000 in 1996 to 8,741 in 1997, the length of stay increased. And, in addition to Virgin Atlantic, British skiers booked packages through United Vacations, Crystal, Thompson's, and Inghams', and other skiers came from Germany, Australia, New Zealand, Brazil, Argentina and Japan, increasing total international ski visitation generated by this promotional effort to 40,000 skiers, 4,000 over 1996. Total spending from this program was estimated to exceed \$44 million. **California's investment was just \$100,000, a return of \$440 for every dollar invested.**

The CSIA resorts have expanded their international marketing into Argentina, Chile, Brazil, Australia, New Zealand, Japan, Germany and Holland. Working closely with CalTour and other California attractions and airline partners, the CSIA has developed an effective presence in these countries. CSIA resorts and CalTour collaborate to enhance the state presence in consumer shows in London, Manchester, Glasgow, Amsterdam, Sao Paulo and Buenos Aires.



To stimulate domestic interest in California as a winter destination, CalTour and the CSIA cooperatively published *California Snow*. This stylish, contemporary magazine highlighted the advantages of skiing, cross country skiing and snowboarding in California. Over 200,000 copies of the magazine were distributed to travelers in out-of-state ski shows and events, as a response to direct inquiries, as part of the State's winter visitor information packet and at select ski and sports shops in the West.

15,000 copies of *California Blanca* – a Spanish-language version of *California Snow* -- were also distributed to travel agents in Argentina and Chile as well as to consumers at the Todo Esqui show in Buenos Aires. Research done by Menlo Consulting in Brazil and Argentina confirmed outstanding prospects for California winter tourism in those countries.

Newly created near the end of 1997 was a *California Snow* website. It can be found at <http://www.californiasnow.com>. This site links California's mountain resorts home pages in an electronic version of the magazine's format. CalTour has linked the *California Snow* website at prominent locations throughout its gocalif.ca.gov website. Other aids to skiers include links for ski conditions.

Consumer Shows – CalTour exhibited at and distributed statewide and regional promotional materials at the Orange County Register Travel Show, the Los Angeles Times Travel Show and the Seattle Travel Show. Rural representatives were invited to join CalTour representatives at these shows, at no additional cost to them, so that they could promote their respective areas.

Advertising – In order to fund the California Tourism Marketing Act referendum, the California Tourism Commission allocated the funds normally spent on advertising to conducting the referendum. This meant that California had no travel advertising in 1997. This, however, provided CalTour with the opportunity to study how not advertising would affect calls for visitor information and awareness of California compared to its competitors. A baseline study was conducted (previously reported in Research). The study found that calls and awareness dropped significantly and that advertising by California businesses did not offset the loss in state tourism advertising.

Coincidentally, CalTour's advertising contract with J. Walter Thompson expired this year. Recognizing that the outcome of the referendum was undecided and that a new state contract would be needed in advance of receipt of industry assessments, regardless of whether the referendum passed, CalTour issued a Request For Proposal for a firm to handle CalTour advertising. The successful bidder, among several contestants, was Mering & Associates of Sacramento. In addition to CalTour representatives, serving on the evaluation committee were senior marketing executives from Walt Disney Attractions, the Heavenly Ski Resort and City Pass, Inc.

Mering began development of a new theme and campaign for 1998 advertising which will continue the message that California is a diverse destination appealing to families, couples, recreation-oriented travelers and nature lovers. Focus groups were held in Dallas, Seattle and Chicago to test the advertising theme and get reactions to proposed print and television ads. Constructive comments were received that have helped refine the advertising message and execution. The new theme is "Find Yourself Here," a double entendre that both encourages travelers to visit California and explains that California is right for them and will be fulfilling.

California Welcome Centers – Two additional California Welcome Centers were opened in Anderson and Ontario. Previously opened California Welcome Centers continue to operate in Kingsburg, Rohnert Park and at PIER 39 in San Francisco. Additional California Welcome Centers are planned for Barstow and Oakhurst. Competitive applications from the Los Angeles and North Coast regions were received and are under consideration. The California Welcome Center program provided training sessions for Center staffs, resource manuals to assist staff in counseling visitors to the Golden State, bi-annual meetings with Center administrators and bi-annual inspections. All California Welcome Centers are now identified in the State's official Visitor Guide and on State tourism maps. The California Division of Tourism works with Caltrans' Office of Signs, Delineation and Technical Support regarding sign specifications.

California IMAX Film and Traveling Exhibit – Sponsor development for the California Experience IMAX Film and Exhibitions developed nicely in 1997. Major sponsors committed to participate include: Hewlett-Packard, Wells Fargo, Kodak, Los Angeles, and San Diego. Others pending include: American Express, United Airlines. Numerous other sponsors are near closing.

The project includes development of a 40-minute, 70mm-format IMAX film about California. CalTour has underwritten story and sponsor development. IMAX films are seen in specially designed theaters with massive motion picture screens that provide for a

very realistic impression of motion. These theaters are primarily located in museums around the world. One of the most famous is at the Smithsonian Air and Space Museum in Washington, DC. These IMAX theaters are constantly looking for new films to show which will attract audiences. California's film is being produced by the award-winning IMAX film-making company, Macgillivray-Freeman Films, based in Southern California.

There are about 200 of these "large format" theaters worldwide. The value of presenting "California" in IMAX scale, which is up to eight stories in size, is that the film totally involves the audience in the images, sounds and emotional impact of our state, encouraging them to experience it first-hand.

Accompanying the IMAX film, in twelve foreign markets will be a touring exhibit called "The California Experience". This exhibit provides a platform on which California companies will showcase their products to theater goers. Coordinated by the California Trade and Commerce Agency, the exhibit will consist of an imaginative series of static and interactive displays covering a total of between 3,000 and 5,000 square feet. In theme with the California Sesquicentennial, the exhibit will highlight California's past illustrious history and its exciting prospects for the next millennium. Themes include "Pioneers, Past & Present," "California Tomorrow Today," "Hollywood and the Arts," "The California Spirit," and "Health and Education." The exhibit will be like a mini, mobile California Worlds Fair, traveling to various countries and destinations, showcasing our products, people and economic opportunities.

Both the IMAX film and the touring exhibit will be previewed to the media, travel trade and government, community and business leaders in the foreign countries where it shows. "Hollywood-styled" premieres will showcase California and its many qualities for vacationers and commerce, in ways that cannot be duplicated by other states or destinations.

Cultural Tourism – CalTour participated with the California Arts Council, the State Office of Historic Preservation and the California Council for the Humanities in the development of a Cultural Tourism Workgroup. The group sought methods of providing financial support to cultural heritage tourism projects in California, proposing legislation toward this end.

Cultural Tourism Television Special -- Production of a television feature about California's ethnic communities was completed. The 30-minute program is hosted by Sacramento area newswoman Betty Vasquez who takes viewers on a video tour of some of the most interesting and colorful aspects of California's Latin-American, Asian-American, African-American and Native-American communities. Scheduling of the special to air on the Travel Channel has been disrupted due to an ownership change of the channel.

- CalTour acquired a large selection of original color transparencies that depict ethnic communities and events for inclusion in CalTour publications.
- Ethnic events continued to be emphasized in CalTour's Calendar of Special Events and on its internet home page.

California Cultural Tourism Itineraries – This program was initiated by cultural tourism leaders in San Francisco, Los Angeles and San Diego who call themselves the California Cultural Tourism Initiative. CalTour assisted the Initiative's development of a directory of cultural tourism itineraries, by underwriting the expansion of arts, heritage and ethnic tour itineraries throughout the state. This included the development of major itineraries on the

Sesquicentennial and California Missions. The itineraries are the most extensive cultural tourism marketing package ever developed in the United States for the travel trade.

The Fun Spots - In 1997, The Fun Spots, a marketing cooperative of eight of California's largest attractions, concentrated its combined sales efforts on the western United States. The group implemented a year-long program featuring a California Fun Spots Card which offered special savings of value-added features to visitors at each of the attractions. During the first quarter, 1,326,000 Fun Spots cards were delivered in western regional editions of *Time*, *People* and *Entertainment Weekly* magazines, and one million cards were delivered in the official *California Visitor's Guide*. Each card was valid for use by up to six persons. The attractions reported that these cards were used at participating attractions over 31,800 times during 1997. The card program will be repeated and expanded in 1998.

National Tour Association – CalTour continued its coordination of industry-financed sponsorship of National Tour Association (tour operator) trade shows and meetings in 1997. Under a new name, "*California Connection*," this team of approximately 100 California companies gained positive identification by:

- Being the sole sponsor of NTA's prestigious Leadership Luncheon at NTA headquarters in Lexington, KY which provided exclusive entry to NTA's most influential members,
- Co-hosting, with the City of Palm Springs, an NTA Board of Directors meeting
- Sponsoring the Tour Operator Retreat finale dinner in Albuquerque, updating key tour operators on California "product" – co-hosted by California Fun Spots and California Connection,
- Sponsoring the National Tour Foundation scholarship program, demonstrating California's commitment to tourism education and future practitioners within the tour industry,
- Sponsoring TourPac to open communications with independent motor coach owners,
- Conducting annual in-state meetings and educational sessions to bring California's tour suppliers together and raise the effectiveness of the industry's tour sales efforts,
- Hosting "Dine-Around" dinner for tour operators at NTA's Annual Convention in Tampa, FL
- Hosting reception for "high bidders" at NTA's "silent auction"
- Developing Gold, Silver and Bronze sponsorship levels, to allow large and small California companies to gain exposure before this valuable market.
- Assisting in securing Los Angeles as "host city" for the 2002 NTA Annual Convention.

CTM Sales Video – A short sales video depicting the California Travel Market and its educational focus was developed as a tool to be used by CalTour's international offices in promoting participation in CTM.

International Marketing

Marketing Activities

CalTour's international marketing included a diverse number of activities designed to heighten travel trade interest in and attention to California:

- organization of California sections at trade shows, travel agent and tour operator sales calls/educational presentations,
- familiarization tour coordination,
- travel trade special interest request fulfillment,
- operation of three overseas rep offices,
- development and maintenance of cooperative partner relationships,
- development of target market product,
- coordination of sales missions,
- coordination of consumer promotions, and
- development of a visitor assistance program for international travelers.

Because California, worldwide, is considered to be at the technological edge, wherever possible, CalTour employs the latest in technology when delivering presentations about our state. The latest in computer presentations and highly produced audio/visual presentations are essential when talking about California.

Sales Missions



Sales missions are major, organized sales trips to specific countries or groups of countries over a week to two-week period. They include expensive receptions, entertainment, educational sessions and mini trade shows at which California presents an overview of the state supplemented with individual meetings with California representatives.

In the past, they were “meat and potatoes” of California’s international program, numbering from 4 to 9 per year. However, in the last two previous years, participation began to fluctuate greatly. Some destinations that were running high occupancy chose not to participate, while others could not because of budget problems, or because the markets being visited were developmental for them, not of prime concern. As participation dropped, costs rose, further reducing interest in participating.

So, a decision was made in 1997 to reduce the number of high-cost, high-labor sales missions, in favor of less-costly sales activities that would better fit how California destinations were marketing and would have State’s better fulfill a role of facilitating opportunities for California businesses to participate in international marketing.

Germany - March 15-21 - CalTour lead representatives from 15 California companies on a sales blitz to Frankfurt, Dusseldorf and Munich. Many of the CA companies had attended the International Tourism Boerse Exhibition in Berlin the week prior and used this program to maximize their sales efforts in this important European market. In each city, a tour operator exchange, travel agent trade show and educational presentation was conducted, attracting some 380 attendees. CalTour strengthened its relationship with the United Airlines Germany office as the airline was the sponsor for the program. In addition, Lufthansa, United's Star Alliance partner in Germany, was a co-sponsor of the sales mission.

Sales Calls/Educational Presentations



Canada - British Columbia and Alberta, September 29-October 3 – In order to separate itself from the intense competition for this market, CalTour elected to launch a different approach in support of the annual California Dream Days promotion. Rather than organize a sales mission, as in previous years, CalTour elected to focus on more of an educational approach to the travel agent in the cities of Vancouver, Victoria and Calgary. Three CalTour representatives worked with the regional sales offices of Air Canada in each market to orchestrate a series of presentations at the airline's top- producing travel agencies. A flexible format was utilized in order to accommodate a wide range of time allotments available, including 5, 10, 15 and 20 minute presentations. Where possible, a laptop presentation was incorporated to visually enhance the message which consisted of new developments in the state, publications, the website, the Dream Days Campaign as well as basic geographic information. Copies of the extensive Resource Manual that was

developed for the inaugural California Travel Market was distributed for future reference by the 30-some agencies visited. The goal in this trial effort was to not only provide key retailers with valuable information but also to evaluate the potential to develop an extensive travel agent training program for 1998.

France - Paris – In an effort to strengthen CalTour's partnership with United Airlines globally, CalTour accompanied an airline regional sales manager on sales calls in Paris immediately following the Germany sales mission. Meetings took place with United Airlines regarding consumer/trade promotions in France.

Trade Shows

While Sales Missions are sales trips to given markets created, organized and conducted by CalTour, Trade Shows are previously established sales exhibitions. CalTour's organization of California booths, sections or events at these shows serves to unify the state's travel industry, create a common theme that helps attract the international travel trade and create opportunities for California suppliers to interact with the international trade in ways not available to exhibitors on their own. Often, CalTour assists California companies in distributing their sales materials at low cost through the California booth, when they cannot attend the trade show, and for novice international marketers, the CalTour staff helps them get introduced to international trade and media.

Visit USA Seminars, Switzerland and Austria - January 21-23 – CalTour attended these two trade show/educational seminars in Zurich and Vienna for the first time. Organized by the U.S. Embassy-Bern and the Visit USA Committee-Vienna, the Switzerland program occurred over a two day period while the Austria program consisted of one day. In Zurich, CalTour was one of only three California related companies

exhibiting while in Austria, CalTour was the sole state representative. The Zurich program attracted nearly 800 highly qualified travel trade representatives and California was featured in a USA Trivia Challenge. In Austria however, the turnout was disappointing due to a schedule conflict with another major travel trade exchange and just over 100 travel trade attendees were reported. California was featured as an educational seminar.

Mexico -Expo Vacaciones - February 10-12 – Due to slow economic recovery of the Mexican market, CalTour attended this nation's key travel trade exchange independent of other California suppliers. CalTour worked with the show organizers to coordinate a unified California section for the few CA suppliers that attended the show, but the office did not organize a travel trade/press event as has been done in previous years. Universal Studios Hollywood conducted a film premiere for top tour operators and media which CalTour attended to show support. California was represented by eight companies, a significant drop in attendance from previous Expo exhibitions which often attracted a delegation of as many as 40 representatives. The U.S. Trade Center in Mexico City recorded a total buyer attendance of 3,568 tour operators, travel agents and media representatives. CalTour used the opportunity in attending Expo to begin a relationship with United Airlines Mexico office as part of its quest to build a global partnership with the airline. The local office proved helpful in recruiting qualified buyers to attend the California Travel Market in Sacramento, April 24-27, 1997. CalTour also used the opportunity to establish an arrangement with the California Trade and Commerce office in Mexico to act as a consumer and trade fulfillment center for tourism information.

Visit USA Trade Show, The Netherlands - March 4 – Organized by the Visit USA Committee in Amsterdam, this event attracted more than 400 travel trade delegates for the one-day workshop. CalTour was one of four California organizations exhibiting. CalTour used the opportunity to establish contact with the local United Airlines office to begin developing a cooperative partnership for this market.

Visit USA Seminar, Benelux - March 6 – Organized by the Visit USA Belgium Committee, more than 400 travel trade delegates from throughout Belgium and Luxembourg attended. California was one of only four California related exhibitors. CalTour used the opportunity to establish contact with the United Airlines office in Brussels in the hopes of developing cooperative marketing programs. The local office was helpful in the recruitment of buyers from this market to attend the California Travel Market.

International Tourism Exchange, Berlin (ITB) - March 8-12 – CalTour again provided the state's travel industry with a cost effective opportunity to exhibit at this major trade/consumer exhibition. With participation costs continuing to be beyond all but the largest company budgets, CalTour negotiated a large price break for booth space contingent on attracting a significant California delegation. By passing on the reduced participation costs to the industry and offering three space options plus brochure distribution, CalTour was able to secure 15 exhibitors and 17 brochure distribution participants. CalTour maintained its own booth space directed at the consumer as well as the trade in order to respond to the high demand by the traveler for information. CalTour conducted appointments with approximately 150 travel trade and media representatives while passing on dozens more leads to the other exhibitors.

Visit USA Trade Shows, Brazil, Argentina and Chile - April 12-23 – CalTour organized the presence of 15 companies at the exhibitions in Sao Paulo and Buenos Aires which was attended by over 4,500 travel trade/media. An exclusive tour operators exchange was conducted in Sao Paulo and was attended by 14 key tour operators and

media representatives. At the exhibition in Chile, CalTour was accompanied by six California companies and provided brochure distribution for a nominal fee to five other companies interested in promoting to the market but unable to attend the exhibition. Brazil and Argentina continue to develop as emerging markets, and although Chile represents a small market in comparison, the traveler there is typically higher end and maintains a strong interest in visiting the west coast. CalTour used the opportunity to further strengthen its partnership with United Airlines in these markets by discussing potential cooperative marketing efforts.

California Travel Market - April 24-27 – After three years of development, the inaugural California Travel Market occurred in Sacramento. Designed to specifically offer select international buyers the opportunity to meet one-to-one with a diverse group of California suppliers (many who do not traditionally have the opportunity to market themselves internationally), CTM was successfully launched. Although initial buyer attendance was disappointing (65), the program was successful and received high marks from the buyers. The media turnout however, was strong and a number of very positive stories were generated. United Airlines was the sole airline sponsor.

European Incentive Business and Travel Market (EIBTM) - May – For the third consecutive year, CalTour assisted in the organization of a California presence at this key exchange targeting incentive, conference and group travel buyers. Seventeen California suppliers exhibited in the stand and conducted more than 200 meetings with potential clients. Key buyers were invited to visit the California stand to sample fresh fruit smoothies and premium varietals provided by Napa Valley wineries.

Asociacion of Representantes de Lineas Aereas en Guadalajara, (ARLAG) May 26-27 – CalTour, along with a sizable delegation of mostly Orange County suppliers, attended this exhibition for the first time. It proved to be an exceptionally low cost and effective opportunity to meet with key travel trade representatives from 70 cities of 24 states from throughout Mexico plus the Guadalajara region. Over 900 travel agents attended the trade exhibition. Orange County sponsored a reception for airline representatives and key tour operators and a luncheon for over 200 travel agents. A CalTour representative attended both events to further show support in this important market.

Discover America International Pow Wow - May 31-June 4 – As in previous years, CalTour attended this key international travel trade exchange in force with nine representatives. In addition to six CalTour staff, three representatives from the UK, Germany and Japan representation offices also attended.. Approximately 200 meetings with travel trade and media representatives were conducted during the three days of business sessions. The foreign representatives play a key role in preparation for Pow Wow by contacting buyers in their respective markets to inform them of the range of California suppliers attending and facilitate pre-scheduled appointments. On-site, the representatives are valuable in steering buyers to specific suppliers, especially those representing more rural destinations/products and who may have had difficulty in securing a meeting. California has the largest delegation at Pow Wow, and CalTour emphasized this to the international attendees by erecting bright yellow California banners at each California supplier's booth.

Alliance of Canadian Travel Agents (ACTA)-BC/YUKON Travel Showcase, Vancouver, British Columbia - September – CalTour attended this key travel trade exchange for the third consecutive year. Attending the exhibition provides an excellent opportunity to launch CalTour's annual Canadian promotion, California Dream Days, to

the travel trade. 400 travel trade representatives attended the show which are pre-qualified due to admission fees and ACTA membership requirements.

VUSAMART - September 9-11 – To show support for the San Diego Convention and Visitors Bureau effort in hosting this Asian focused travel trade exchange, CalTour exhibited and co-sponsored the closing night event. As the host state, CalTour organized three post familiarization tours. 40 appointments were conducted during the two day exchange.

La Cumbre - September 10-13 – CalTour organized an exhibition section comprised of 32 California suppliers and a tour operator/media event. More than 315 companies, 490 delegates and 130 international trade media from Latin America countries attended the exhibition and 75 attended the special event coordinated by CalTour on behalf of the California suppliers. The event, which took place aboard a chartered yacht, featured Sonoma County wines. CalTour continues its quest to help attract the convention to the west coast for the first time ever in the year 2000 by working with local destinations to develop bid packages. California's strongest competition lies in Las Vegas which has a much larger cash factor resulting in our bid to involve more value-added components. The successful securing of this primary Latin American trade exhibition would be a major step forward for the state in strengthening its ability to increase visitor traffic from this market, specifically Brazil and Argentina. CalTour conducted over 30 pre-scheduled appointments during the trade show portion of the program.

Congresso Brasileiro de Agencias de Viagens (ABAV Congress), Brazil - October – For the second consecutive year, CalTour attended the annual ABAV travel trade show in Brazil which attracts some 14,000 industry representatives annually. Accompanying CalTour in 1997 was two other major California suppliers. CalTour also met with the United Airlines regional sales managers from throughout Brazil to discuss potential cooperative marketing opportunities.

Travel Trade Workshop, Switzerland - October 27-30 – In CalTour's continued efforts to reach the valued Swiss travel industry, the office cooperatively shared booth space with United Airlines at Switzerland's largest travel trade exhibition. One other California company also exhibited in the United booth. Buyer attendance at the show numbered more than 10,000 and provided CalTour a cost effective opportunity to reach the mass Swiss buyer. CalTour also used the opportunity to establish a relationship with two of United Airlines' Alliance Partners, Scandinavian Airlines and Lufthansa which could lead to a number of promotional marketing opportunities with the airlines.

World Travel Market (WTM) - November 16-21 – California hosted its 10th annual film premiere for top-producing U.K. tour operators and media representatives and more than 150 attended, the largest turnout to date. The motion picture premiere preceded the opening of World Travel Market and was an excellent opportunity for California to network and close sales prior to the opening of the trade show. Secretary of State Bill Jones, in his capacity as a member of the World Trade Commission, assisted CalTour by welcoming delegates to the premiere and meeting at the California booth at WTM. The Secretary of State was shown how other states and countries promote their travel industries at this, the world's largest, English speaking travel trade show. Twenty-four California suppliers helped sponsor the event and exhibit at CalTour's WTM stand. The California Wine Institute (London) provided California wine for the event, as gifts to attending British tour operators and for tasting at California's stand. This year's film, "George of the Jungle" and jungle decor and stuffed animals at the luncheon were provided by Walt Disney Attractions and created a light-hearted atmosphere that contributed to a positive and memorable experience for our British guests. The film, a

portion of which was filmed in San Francisco, Long Beach and the Gold Country, served as an excellent topic of discussion for the remainder of the week. United Airlines and United Vacations were additional sponsors of California's booth at World Travel Market, for the third consecutive year. WTM attendance reached a record 45,000 travel trade.

Japan Association of Travel Agencies (JATA) - November 25-29 — CalTour organized a California section for 10 companies and provided brochure distribution for an additional 12 for this travel trade exchange. Unfortunately, traffic was down from previous years due to an increased level of uncertainty regarding the nation's economic situation. During the week, one of the nation's largest brokerage houses claimed bankruptcy and announced its closure, forcing hundreds of people out of work. At the accompanying Congress, California was well represented with 35 representatives. Attendance at JATA: was 21,792 including 13,933 travel trade.

Familiarization Tours

Familiarization Tours (fams) bring top producing travel agents and tour operators to California in order to learn new things about selling California. There is no better way to learn than to experience first-hand and fams are the best way to educate buyers about the many experiences our state offers.

Destinations, services and products are given the opportunity to showcase themselves directly to the buyer. This substantially increases the potential that new destinations are included in a tour operator program and that previously visited destinations are kept fresh and interesting to travelers.

CalTour organizes or helps with familiarization tours when more than one California destination is involved. The CalTour staff often acts as the coordinator of the entire fam. International sponsors or organizers vary from tour companies to airlines. They appreciate the involvement of the State office, because they are assured of high standards of service, response and the simplicity of having a single point of contact for the program. One very attractive element of fam tours is that very little, if any, state funds are ever used to support them. In general, the destinations in each area visited provide or secure the hotel rooms, meals, transportation, attraction admissions, either for free or at a greatly reduced rate.

Virgin Atlantic Airways - UK - February 19-26 – Initiated by CalTour's UK representative, this particular fam featured Anaheim/Orange County, San Diego, Palm Springs/Coachella Valley and Los Angeles. Twelve participants representing VAA top producing tour operators experienced a wide range of hotel site inspections, attractions, restaurants and free time to further enhance their knowledge regarding these areas.

Post California Travel Market - April 27-30 – To maximize the opportunity of having key buyers in the state, four fam tours were offered at the conclusion of CTM. Unfortunately, due to the buyer count being lower than expected and many buyers making their own arrangements, two of the four were canceled. One tour that was carried out featured the Central Valley, Yosemite and Sequoia National Parks while the other featured San Francisco and the Wine Country.

Getaway Vacations - UK - April 18-24 – Getaway Vacations represents the UK's leading North America specialist operators, focusing primarily on FIT travelers. Ten of Getaway Vacations top producing sales agents experienced San Francisco, North Lake Tahoe, Sonoma County and Yosemite. Virgin Atlantic Airways co-sponsored the tour.

Post VUSAMART - September 11-14 – Three fams were offered to Asian buyers attending VUSAMART in San Diego. The three tours featured Palm Springs, Ontario, Buena Park, Carlsbad, Long Beach, Catalina Island, Anaheim/Orange County, , Sacramento, Santa Clara, and San Francisco. Fifteen buyers from Taiwan, the Philippines, China, Korea and Japan participated.

Willy-Scharnow - Germany - September 19-29 – Initiated by CalTour's German representation office, Willy-Scharnow represents an educational institution which focuses on developing learning opportunities for the retail travel industry in Germany. Pre and post seminars are conducted which helps the agents retain the information presented during the fam. Scharnow fams are considered to be of the highest professional standards. This particular fam featured Los Angeles and Palm Springs/Coachella Valley and was attended by 12 retail agents.

Getaway Vacations - UK - November 6-9 – Ten representatives from Getaway Vacations top producing retail accounts participated on this fam tour which featured Contra Costa County, San Francisco, Yosemite, Sacramento, Napa and Sonoma. British Airways co-sponsored this tour.

Bridge the World - UK - December 4-8 – Bridge The World represents one of Virgin Atlantic Airways top ten producing tour operators and has established themselves as leading up-market Austral-Asia specialist. The company is releasing its first ever California brochure featuring stopover programs for their Pacific Rim clients. Seven of the company's sales staff representing their three divisions participated on this tour which consisted of a four day experience through Los Angeles, Pismo Beach, Monterey and San Francisco. Virgin Atlantic Airways provided the airline seats for the group.

Consumer Promotions

California Dream Days - November 1996-February 1997 / November 1997-February 1998 – CalTour launched this long-standing promotional campaign targeted at the Canadian traveler with cooperative support from Air Canada. The Canadian carrier annually supports the program through a wide range of promotional activities in addition to distributing the value-added directory to the travel trade. This year's campaign included radio promotions, television advertising, professional sport half-time contests, airport displays, travel industry communications, posters, and newspaper advertising. 300,000 copies of the directory are distributed annually to the consumer and travel trade and include reduced rates for accommodations, attractions, sightseeing and transportation services, shopping and RV Parks and campgrounds.

Miscellaneous Activities

United Airlines Global Partnership

CalTour continued to enhance its relationship with United Airlines globally by identifying a wide range of cooperative promotional opportunities:

- **Meetings with United Sales Managers** – Meetings were held with regional and country sales managers in key markets to discuss ideas that would stimulate greater marketing cooperation between the California travel industry and the airline. As a result, preliminary plans for a special golf program offered to UA's Mileage Plus members in Switzerland as well as promotion with UA Italy have been developed.

- **1997 World Gold Panning Championships** – CalTour played a major role in securing United Airlines as the official sponsor the 1997 California Gold Panning Team which traveled to the annual event in Italy. Substantial publicity was obtained for California's hosting the event in 1998 as a result. Without CalTour's efforts, it was unlikely California would be represented and a tremendous promotional opportunity lost.
- **United Airlines Latin America, Pacific and Atlantic Planning Conference** – CalTour orchestrated a "California Night" during the airline's annual conference that this featured attendance by Lufthansa and Scandinavian Airlines regional sales managers in addition to its own sales managers. Twenty California travel suppliers co-sponsored the event which featured cuisine representing the state's diverse cultures and included a trivia contest as well to enhance the knowledge of the sales managers regarding each sponsor.
- **"My California" Japan Campaign** – Scheduled to occur in June 1998, a new product titled, "My California" was unveiled by CalTour and United Airlines officially announced to the Japan travel industry in November 1997. United Airlines Japan initiated the idea to develop a cooperative program to strengthen the carrier's routes to the west coast. CalTour has played a significant role in the development of the program helping to organize support of the California travel industry.

International Visitor Assistance Program



CalTour launched a toll-free telephone service (in all languages) to assist travelers in California. The program consists of a toll-free number which provides assistance to travelers in case emergency, vehicle breakdown, need for directions, referral to an accommodation, for general information and other situations, including language translation. The assistance is provided for free to travelers and is paid through advertising in the brochure and from commissions and fees paid on reservations or commercial services. A convenient and price-competitive calling card service is also offered and is only activated when the caller provides a credit card number.

The brochure, which also provides information on the state's official welcome centers, is currently being distributed through destination tourism information offices, all California Welcome Centers, consumer fulfillment services in the UK, Germany and Japan, and selected tour operators in Germany.

Foreign Offices

CalTour provided contracted representatives in the United Kingdom, Germany and Japan to assist the travel trade and media with information about California travel and tourism. The UK and Germany offices operate under a partnership agreement with the convention and visitors bureaus of Los Angeles, San Diego, San Francisco, Anaheim/Orange County and Palm Springs. The Japan representative is supported solely by a CalTour contract. These representatives provided the following services during 1997:

- facilitated educational tours
- provided assistance in coordinating one sales mission and the participation at three major trade shows

- conducted educational seminars for retail travel agents
- conducted sales calls on key tour operators
- distributed destination planning information for the state and specific destinations to the travel trade, media and consumers
- provided analysis of tour operator packages to California
- provided market trend reports
- generated leads for destinations to assist tour operators in developing programs
- developed and distributed California newsletters to the travel trade and media
- influenced incentive tour operators to select California destinations for specific programs

Media Relations

Media Outreach

Media Blitzes – CalTour organized the state's fourth media blitz to New York City, adding Chicago to the itinerary, February 24-28, 1997. This trip included 28 delegates representing 25 California destinations, attractions, sightseeing companies, and shopping complexes who met with 111 travel trade and consumer press in New York City, and 28 press in Chicago. Comments on evaluations completed by delegates were constructive and positive, supported by the fact that 19 of the participating companies are returning for the 1998 media blitz to New York City planned for February 23-26. With the 150th Anniversary of Gold Discovery as the theme, the 1998 press event has attracted 30 California companies, the largest delegation ever. In addition to developing relationships with the New York-based media, actual leads and story placement resulted from the media blitz in the following outlets: *Travel Agent International*, *TravelAge East*, *Chicago Tribune*, *Meetings & Conventions*, *Modern Bride*, *CBS This Morning*, and *Wall Street Journal*.

Editorial Visits – CalTour conducted editorial visits to Los Angeles in April 1997 and met with the following press: Christopher Reynolds, travel writer, *Los Angeles Times*; Carol Powers, deputy travel editor, *Los Angeles Times*; Richard and Donna Carroll, freelance travel writer and photographer; Paul Lasley and Elizabeth Harryman, hosts, "The Touring Company," *KPCC-FM Radio*; Laura Bly, travel writer, *USA Today*; Lark Gould, West Coast Bureau Chief, *Travel Agent*; John McKinney, hiking columnist, *Los Angeles Times*; Eileen Ogintz, syndicated family travel columnist; and Christine Loomis, travel editor, *Family Life*. In addition to pitching story ideas, one result of the visits is CalTour is now a regular contributor to "The Touring Company," in addition to arranging guests for the popular travel show.

Media Assistance

Trade Show Media Assistance – CalTour responded to media requests at major travel trade shows including appointments with 30 press attending the Discover America

International Pow Wow in Nashville, and 40 press attending World Travel Market in London.

CTM – CalTour coordinated publicity effort for inaugural California Travel Market (CTM), April 24-27, in Sacramento. Nineteen international travel trade and consumer press from 13 countries participated in CTM '97. To date, 19 articles and/or features about California and CTM have been generated by journalists attending the show.

Press Trips – Individual press trips were organized by CalTour throughout California for domestic travel writers, and journalists and broadcasters from Brazil, Canada, France, Germany, Italy, Japan, Switzerland, and the United Kingdom.

CalTour also coordinated a major press trip for key Japanese travel trade and consumer journalists and photographers on assignment with *BLANCA*, *Globe Trotter*, *Travel Journal*, *AB ROAD*, *Travel Management*, and *YES*. The October 1-7, 1997 press trip included visits to San Francisco, Monterey Peninsula, Big Sur, San Luis Obispo County, Long Beach, Orange County, and San Diego. Co-sponsored by CalTour, United Airlines and Hertz Rent A Car, discussions regarding the press trip were initiated during Pow Wow '97 by CalTour's representative for Japan.

Media Assistance – CalTour's media relations manager and media relations assistant assisted approximately 900 journalists with information for travel and tourism articles, broadcasts and travel guide books on California. An example of coverage generated was a story idea about Gold Rush exhibitions organized by the Oakland Museum of California which was picked-up by Associated Press (AP). The item went to 1,550 daily AP member newspapers around the country. They represent 98.8 percent of all U.S. dailies and 99 percent of U.S. newspaper circulation.

California Sesquicentennial – Provided publicity support for the California Gold Discovery to Statehood Sesquicentennial, distributing more than 500 of their press kits at trade shows, during editorial visits, and to journalists upon request.

Outdoor Writers' Conference – CalTour is supporting Shasta Cascade Wonderland Association and City of Redding in sponsoring and organizing Outdoor Writers Association of America (OWAA) Annual Conference in Redding, June 14-19, 1998. The Redding meeting marks the first time that this prestigious group of outdoor journalists has met in California. CalTour is coordinating post-conference trips, coordinating the press room and sponsoring the opening night. CalTour's media relations manager attended OWAA Conference in Haines City, FL, June 22-26, 1997.

CalTour Newsletter – Four editions of *Insights*, a newsletter which informs California travel companies and destinations on how they can take greater advantage of CalTour's services and programs were written and distributed to approximately 7,000 organizations and individuals.

Photography – Three photo CD-ROMs were created featuring nearly 300 images from the CalTour photo library. Organized regionally, the discs include identification captions and are available for editorial use only. Providing CD-ROM format instead of color slides is cost effective and provides high quality electronic images to those who will use them most.





What's New In California – Each quarter, CalTour issues *What's New In California*, a major roundup release about new developments in California tourism. *What's New* is sent to more than 2,200 national and international writers, editors and broadcasters. The press release is well received by the media. For example, it is regularly used by *Senior Travel Tips*, *Travel Agent*, *TravelAge West*, *Associated Press*, *Sacramento Bee*, and *Knight-Ridder Newspapers*, among other publications. It has also become a regular component of *Touring Information* produced by the California State Automobile Association for distribution to their more than 90 offices throughout Northern California and Nevada. A special edition of *What's New In California* was developed for the 1997 Discover America International Pow Wow and was available in English, German and Japanese. And yet another version was translated into Japanese and distributed to press attending JATA '97 in Tokyo and at the "My California" press conference on November 25.

Website – *What's New in California*, CalTour's quarterly media and travel trade update was added to the website. It features links to identified destinations.



Press Kits – A new press kit folder and companion envelope were designed to provide fresh look consistent with CalTour publications.

Press Releases – Fifteen press releases and media advisories were distributed to the travel media about CalTour programs, publications, promotions and research findings; and in response to natural disasters and situations that might otherwise have adversely impacted tourism in California.

Publicity Evaluation – Newsclips collected by a newsclipping analysis service (January - November 1997) totaled 7,004 articles featuring California destinations or tourism issues with an ad equivalency value of \$39.2 million. Approximately 1/8th of these articles were generated by writers who had direct contact with CalTour, meaning that about **\$4.9 million in direct ad equivalency** was generated from the \$181,500 spent by CalTour on publicity development. And, since editorial space is widely recognized to have a 10 to 1 value in relation to advertising space, a potential value of **\$49 million in equivalent advertising space** is estimated to have been generated by CalTour publicity.

Coverage Increase – The number of articles about California increased by a whopping 54 percent over 1996. Ad equivalency for these articles increased by an even more dramatic jump of 93 percent. Ad rates have gone up, accounting for a slight increase in the ad equivalency analysis. However, the overall increase in coverage can be attributed to the marketing efforts of California tourism organizations, including CalTour.